

SENATE BILL REPORT

SB 5553

As Reported by Senate Committee On:
Economic Development, Trade & Innovation, February 11, 2009

Title: An act relating to promoting economic development through promoting innovation and the commercialization of technologies.

Brief Description: Promoting economic development through promoting innovation and the commercialization of technologies.

Sponsors: Senators Kilmer, Delvin, Kastama, Shin, Hobbs, Marr, Tom, McAuliffe, Kohl-Welles and Pridemore.

Brief History:

Committee Activity: Economic Development, Trade & Innovation: 2/05/09, 2/11/09 [DPS].

SENATE COMMITTEE ON ECONOMIC DEVELOPMENT, TRADE & INNOVATION

Majority Report: That Substitute Senate Bill No. 5553 be substituted therefor, and the substitute bill do pass.

Signed by Senators Kastama, Chair; Shin, Vice Chair; Zarelli, Ranking Minority Member; Delvin, Eide and Kilmer.

Staff: Jack Brummel (786-7428)

Background: The Washington State Economic Development Commission issued a report in 2006, *Enhancing Washington State's Economic Future*, which found that "a critical component of a vital state economy is the free and effective flow of new ideas from Washington's researchers and inventors into our companies' products and services; a process commonly called commercialization."

The report included recommendations to provide entrepreneurs with easier access to a database of new technology ideas and to provide tools that explain and demystify Washington's commercialization process. The report also recommended facilitating the availability of early stage capital for innovative companies and making information on potential funding sources for innovative entrepreneurs more easily accessible.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

The Washington Technology Center (WTC) currently operates a small business innovation research assistance program to assist small businesses in becoming recipients of federal small business innovation research grants.

The Investing in Innovation Grants Program, administered by WTC, was established in 2003, but was not funded. The program is intended to make research grant awards and commercialization grant awards that will create jobs and business opportunities. Priority is given to proposals that leverage private and public funding.

State funds for the operation of the WTC currently flow through the Department of Community, Trade, and Economic Development to the University of Washington and then to the WTC.

Summary of Bill (Recommended Substitute): The Legislature finds that it is in the state's interest to: 1) increase the number of firms engaged in technology commercialization; 2) increase funding for product development; and 3) coordinate commercialization, information, and assistance functions.

The WTC is given a number of new commercialization obligations, which it may meet directly or meet via contract. The center is to work with state universities and colleges, private and federal research institutions, and economic development and technology assistance organizations to: (1) train and assist small businesses to win federal technology innovation program awards; (2) supply a guide to the commercialization process at research and academic institutions; (3) make a recommendation on integrating and accessing databases of technologies and inventions available in the state; and (4) provide training to technical assistance providers on the provision of commercialization assistance.

The center is also to develop a funding resource guide, offer workshops on accessing financing for commercialization, help novice investors learn about investing in technology-based companies, host events to connect entrepreneurs and investors, and maintain a website for entrepreneurs and investors. Finally, the center is to report on the impact of commercialization activities annually.

The Investing in Innovation Account is created in the State Treasurer's office. Expenditures are to meet the WTC's commercialization obligations, to carry out the Investing in Innovation Grants Program, and for other innovation and commercialization purposes consistent with federal, state, or private guidelines. Federal, state and private funds may be directed to the account.

The University of Washington is to contract with the WTC for the expenditure of state funds for the operation of the WTC.

EFFECT OF CHANGES MADE BY ECONOMIC DEVELOPMENT, TRADE & INNOVATION COMMITTEE (Recommended Substitute): The provision that the University of Washington is to contract with the WTC for the expenditure of state funds for the operation of the WTC goes into effect on July 1, 2011.

Appropriation: None.

Fiscal Note: Requested on February 2, 2009.

Committee/Commission/Task Force Created: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony on Original Bill: PRO: The bill would be helpful to start-up businesses; these are good commercialization efforts. We are seeing lots of new business licenses; its important that we provide technical assistance. Small Business Innovation Research assistance by WTC is an important tool to help small businesses get federal funds. This bill will assist in getting federal technology innovation program awards. This will further innovation hubs.

Persons Testifying: PRO: Senator Kilmer, prime sponsor; Lee Cheatham, Washington Technology Center.